



**South African Institute of Race Relations NPC,  
IRR Submission to the Minister of Mineral and Petroleum Resources  
regarding  
the Draft Mineral Resources Development Bill of 2025  
13<sup>th</sup> August 2025**

**SYNOPSIS OF THE IRR'S FULL SUBMISSION**

**1 Introduction**

The Minister of Mineral and Petroleum Resources (“the minister”) has invited interested persons to submit public comments on the Draft Mineral Resources Development Bill of 2025 (“the Bill”) by 13<sup>th</sup> August 2025. This submission is made by the South African Institute of Race Relations NPC (IRR), a non-profit organisation formed in 1929 to oppose racial discrimination and promote racial goodwill. Its current objects are to promote democracy, human rights, development, and reconciliation between the peoples of South Africa.

**2 The Constitutional need for proper public consultation**

The constitutional need for proper public consultation is a vital aspect of South Africa’s democracy, as the Constitutional Court has repeatedly reaffirmed in judgments spanning two decades. In August 2025, in a unanimous ruling handed down in *Corruption Watch (RF) NPC v Speaker of the National Assembly and others*, the Constitutional Court reiterated that “public involvement in the legislative and other processes of all three spheres of government is not merely a fashionable accessory; it is a thread woven into the fabric of our democracy.”<sup>1</sup>

To meet this need, as Justice Albie Sachs has stated (and other Constitutional Court judges have reaffirmed), all interested parties must be given “a reasonable opportunity” to “*know about the issues and to have an adequate say*”.<sup>2</sup>

The best way to ensure that the public *knows about the issues* and can then *have an adequate say* is to provide them with a comprehensive socio-economic impact assessment that clearly sets out all the economic and other ramifications of a proposed bill. This is also what the government’s own policy requires under the *Guidelines for the Socio-Economic Impact Assessment System (SEIAS)* developed by the Department of Planning, Monitoring, and Evaluation in 2015.

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<sup>1</sup> *Corruption Watch (RF) NPC v Speaker of the National Assembly and others*, [2025] ZACC 15, para. 1.

<sup>2</sup> *Minister for Health and another v New Clicks South Africa (Pty) Ltd and others*, [2005] ZACC 14, at para 630, emphasis supplied by the IRR.

The aim of the SEIA system is to ensure that “the full costs of regulations and especially the impact on the economy” are fully understood before new rules are introduced. Assessment must begin from an early stage. Moreover, when a bill is published “for public comment”, a “final impact assessment” must be attached to it which “provides a detailed evaluation of the likely effects of the [proposed law] in terms of implementation and compliance costs as well as the anticipated outcome”.<sup>3</sup>

In similar vein, the government’s *National Policy Development Framework* of 2020 (“the Framework”) seeks to improve policy development by “ensuring meaningful participation” and “inculcating a culture of evidence-based policy making”. According to the Framework, policy-makers must be willing to adjust their proposals in the light of the evidence provided. “Policy-makers must not impose their preconceived ideas...and pre-empt the outcome of the policy consultation process. They need to be willing to be persuaded and acknowledge the input of stakeholders with a view to creating a win-win policy outcome.” They must also avoid any impression that “the consultation process is staged, managed, cosmetic, token and a mere compliance issue”.<sup>4</sup>

These important instructions to policy-makers have been disregarded in relation to the Bill. No SEIA report has been drawn up and appended to the Bill to help the public to “know about the issues” and then to “have an adequate say”. The mining industry has also stressed that its evidence-based representations to the minister have largely been brushed aside.<sup>5</sup>

### **3 The Content of the Bill**

The Bill contains many damaging provisions likely to deter investment and prevent the mining industry from realising its great potential. The following clauses are particularly detrimental.

#### **3.1 New empowerment provisions**

The Bill proposes four key changes to empowerment requirements for mining companies applying for or holding mining rights.

*First*, empowerment obligations are to be more closely aligned with those contained in the Broad-Based Black Economic Empowerment Act of 2003 (“the BEE Act”). The Mineral and Petroleum Resources Development Act (MPRDA) of 2002 seeks to confer its empowerment benefits on “historically disadvantaged South Africans” (“HDSAs”), whereas the Bill requires a shift to “black persons”, as defined in the BEE Act. In keeping with this approach, the Bill defines broad-based economic empowerment as “having the meaning assigned to it” in the BEE Act.<sup>6</sup>

In keeping with this change, Clause 1 of the Bill deletes the Act’s current definition of HDSAs from section 1 of the MPRDA. Confusingly, however, it nevertheless retains a reference to HDSAs in an unchanged sub-section 100(2) of the MPRDA.<sup>7</sup> The Bill does not say whether HDSAs are in future to be equated with “black persons”. Nor does it clarify what its changes

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<sup>3</sup> Department of Planning, Monitoring and Evaluation, *Guidelines for the Socio-Economic Impact Assessment System (SEIAS)* (SEIAS Guidelines), May 2015, pp. 3, 11.

<sup>4</sup> National Policy Development Framework, 2020, pp. 3, 20.

<sup>5</sup> Faku, D, ‘Miners unite against draft Bill’, *Sunday Times Business Times* 1 June 2025:

<https://www.businesslive.co.za/bt/business-and-economy/2025-06-01-miners-unite-against-draft-bill/>.

<sup>6</sup> Clause 1, Mineral Resources Development Bill (the Bill); new section 1, MPRDA.

<sup>7</sup> Sub-section 100(2), MPRDA.

might mean, for example, for existing HDSA ownership deals that might include white women. This creates uncertainty and is in conflict with the rule of law.

*Second*, the mining minister will be required to “impose” relevant BEE requirements in granting applications for new mining rights. Under a new sub-section 100(3), the mining minister “must”, “when granting applications” for mining rights, “impose...the broad-based socio-economic empowerment prescribed elements of Black Economic Empowerment ownership, inclusive procurement, supplier and enterprise development, human resources development, employment equity and mining community development”.<sup>8</sup>

These BEE elements are not defined further, making for great uncertainty and undermining the rule of law. However, the list provided echoes that contained in the mining charter gazetted in September 2018.<sup>9</sup> This suggests that the Bill seeks to empower the mining minister to require compliance with all the key clauses in the 2018 charter from companies seeking new mining rights. However, some clauses in the 2018 charter were struck down by the North Gauteng High Court in 2021.<sup>10</sup> In addition, the 2018 Charter is a mere “instrument of policy” (as this 2021 judgment confirms) and has no binding legal force.<sup>11</sup> Moreover, the entire 2018 Charter is *ultra vires* the minister’s powers under the MPRDA, as sub-section 100(2) authorises him to “develop” only “a” (single) charter and to do so by 31<sup>st</sup> October 2004.<sup>12</sup> Empowering the minister to “impose” prescribed BEE elements does not cure these defects in the 2018 Charter. Nor does it give him the legislative power to develop new BEE rules, as this would contradict the doctrine of the separation of powers.

*Third*, the minister will be empowered to “repeal or amend” the empowerment obligations resting on companies with existing mining rights. The Bill thus includes a new sub-section 100(4) which gives the minister the power, “as and when the need arises”, to “amend or repeal...the broad-based socio-economic empowerment prescribed elements of BEE ownership, inclusive procurement, supplier and enterprise development, human resources development, employment equity and mining community development”.<sup>13</sup>

Clearly, the plan is that, once the Bill has been enacted, the minister will be able to use these powers to “amend” the 2004 charter (the only one that is undoubtedly valid) by repealing its present clauses and inserting instead, say, all the clauses in the 2018 mining charter. This would (supposedly) restore the clauses struck down in 2021. It would also (supposedly) end the “continuing consequences” principle in the 2004 Charter and require all mining companies to do top-up deals when black investors sell out. The minister could perhaps even go beyond the 2018 rules and include in his amendments still higher targets for BEE ownership and other elements. Again, however, the minister lacks the legislative power to “repeal” or “amend” the 2004 Charter, as this too would be inconsistent with the doctrine of the separation of powers.

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<sup>8</sup> New section 100(3), Mineral Resources Development Bill of 2025 (the Bill).

<sup>9</sup> Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018, *Government Gazette* No 41934, 27 September 2018

<sup>10</sup> *Minerals Council of South Africa v Minister of Minerals and Energy and others*, [2021] ZAGPPHC 633: <https://www.saflii.org/za/cases/ZAGPPHC/2021/623.html>

<sup>11</sup> *Ibid*, para. 59.

<sup>12</sup> *The Chamber of Mines of South Africa v Minister of Mineral Resources and others*, [2018] ZAGPPHC 8, para 76: <https://www.saflii.org/za/cases/ZAGPPHC/2018/8.html>

<sup>13</sup> New Section 100(4), Bill.

*Fourth*, the minister will have the power to make new empowerment rules by regulation. Under a new sub-section 107(1)(jD), the minister “may”, by notice in the *Gazette*, “make regulations regarding...the promotion of transformative elements of [BEE] ownership, inclusive procurement, supplier and enterprise development, human resources development, employment equity and mining community development.”<sup>14</sup> Again, however, the minister lacks the legislative power to make new law of this kind, while the regulatory powers conferred on him do not provide sufficient guardrails to guide his discretion. They are also open to varying interpretation, putting them in breach of the doctrine against vagueness of laws. That the minister is not obliged to consult with the mining industry on such regulations undermines a constitutional right and could further hurt struggling companies. If the minister seeks both higher BEE ownership targets and an end to the “once empowered” principle, disinvestment could follow. This could result in major job losses, damage mining and labour sending areas, and reduce tax revenues and export earnings.

### **3.2 Additional section 100 “transformation” obligations**

Under the Bill, both the 2009 “housing and living conditions standard” (“the living standard”) and the 2009 “code of good practice” (“the code”) are to be made part of the MPRDA by redefining “this Act” to include them.<sup>15</sup> However, like the 2004 Charter, both of these documents are mere “instruments of policy” which cannot be given binding legal force in this way.

In addition, the 2009 living standard has supposedly been repealed by its 2019 successor. However, the 2019 document is clearly *ultra vires* the minister’s powers under sub-section 100(1)(a) of the MRDA. The 2009 living standard is often vaguely worded too, which opens the door to uneven enforcement and *prima facie* conflicts with the rule of law. Moreover, it is unclear on what legal authority the 2009 Code sought to change “aspirational” targets in the 2004 Charter into legally binding obligations, which raises further doubts as to the Code’s validity.

### **3.3 Additional “social and labour plan” obligations**

According to the Bill, “the holder of a mining right must...implement the approved social and labour plan despite the operational status of the mine, which must be reviewed every five years for the duration of the mining right”.<sup>16</sup> This badly worded clause seeks to make costly social and labour plans (SLPs) binding on mining companies even when they have been placed on care and maintenance, which could undermine their economic viability. If reviews result in changes, mining companies will also have to obtain the minister’s written permission for all such amendments to their SLPs at five-yearly intervals.<sup>17</sup> This would add significantly to the compliance burden on both companies and the Department of Mineral and Petroleum Resources.

### **3.4 “Meaningful” consultation**

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<sup>14</sup> New sub-section 107(1)(jD), MPRDA.

<sup>15</sup> New section 1, MPRDA.

<sup>16</sup> New s25(2)(f), Bill.

<sup>17</sup> New sub-section 102(1), MPRDA; see also Leon, P, Leyden, P and Müller, P, Amendment of Rights’ in ‘Unpacking the provisions of the Mineral Resources Development Bill, 2025’, 27 May 2025.

According to the Bill, there must in future be “meaningful consultation” with all interested and affected persons. Under a new definition of this concept, a mining company must provide “all relevant information” needed for “informed decisions regarding the impact” of proposed mining. Yet some of these terms – “relevant”, “informed” and “impact” – have uncertain meanings. Different officials are thus likely to interpret them in different ways at different times. This will make for arbitrary and uneven enforcement and undermine the rule of law.

### **3.5 Additional “beneficiation” requirements**

Under the Bill, the minister “must” promote the domestic beneficiation of “mineral resources”. Yet mineral “resources”, by definition, are unsevered minerals beneath the ground, which generally cannot be beneficiated until they have been extracted.<sup>18</sup>

The Bill adds that “every producer of minerals must make available minerals or mineral products for local beneficiation”.<sup>19</sup> This provision is inordinately vague, for it “does *not* contain specific quantitative restrictions on the export of minerals”, as law firm HerbertSmithFreehills points out. If quantitative restrictions were to be added, however, this might “contravene South Africa’s obligations under the General Agreement on Tariffs and Trade, 1994...and the European Union – Southern African Development Community Economic Partnership Agreement, 2016”.<sup>20</sup>

The Bill’s new definition of beneficiation is too vague to pass constitutional muster. So too is a new clause empowering the minister, in deciding on an application to renew a mining right, to “take into consideration the provisions of section 26”.<sup>21</sup>

In tightening up beneficiation obligations, the Bill ignores various practical realities. The first is that a significant amount of beneficiation is already taking place without the government’s instructing this.<sup>22</sup> The second is that many mining companies have been obliged to close down existing smelters, either because electricity supply has become too costly and erratic or because they cannot compete with the Chinese manufacturing behemoth.<sup>23</sup>

### **3.6 Continuing environmental liability even after mine closure**

Under the Bill, even after “the issuing of the closure certificate”, a mining company “remains liable for any latent or residual environmental liability, pollution, ecological degradation, the pumping and treatment of extraneous water which may become known in the future.”<sup>24</sup> This introduces permanent environmental liability for impacts that cannot be predicted, may come

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<sup>18</sup> New section 1, MPRDA.

<sup>19</sup> New section 26(2B), MPRDA.

<sup>20</sup> Leon, et al, ‘Beneficiation’, in ‘Unpacking the provisions of the Mineral Resources Development Bill, 2025’, op. cit.

<sup>21</sup> New section 25(2A), MPRDA.

<sup>22</sup> Stoddard, E, ‘Loaded for Bear: Ramaphosa and Mantashe are smoking the pipe dream of “beneficiation”’, *Daily Maverick*, 30 July 2025: <https://www.dailymaverick.co.za/article/2025-07-30-loaded-for-bear-ramaphosa-and-mantashe-are-smoking-the-pipe-dream-of-minerals-beneficiation/>

<sup>23</sup> Ibid; Steyn, R, ‘Junior miners: Fool’s gold or diamonds in the rough’, *Financial Mail*, 10 July 2025: <https://www.businesslive.co.za/fm/features/cover-story/2025-07-10-junior-miners-fools-gold-or-diamonds-in-the-rough/>; see also Webster, J, ‘Merafe expects lower first-half earnings as low prices weigh’, *Business Day*, 25 July 2025: <https://www.businesslive.co.za/bd/companies/mining/2025-07-25-merafe-extends-losing-streak-amid-low-prices/>.

<sup>24</sup> New section 43, (1A), MPRDA.

to light only decades after mining operations have ended,<sup>25</sup> and may be difficult to distinguish from impacts resulting from subsequent mining or other events.

The financial provision required in advance to cover the anticipated costs of environmental rehabilitation will increase in practice, while the Bill also empowers the minister, in issuing a closure certificate, to “retain any portion” of a company’s financial provision to cover future potential latent impacts.<sup>26</sup>

These new rules could significantly raise the overall costs and risks of investing in South Africa’s mining industry. A more cost-effective approach would be to introduce a mine rehabilitation fund (loosely modelled on a similar institution in Western Australia) to which all mining companies would contribute an annual levy amounting, say, to a specified percentage of their estimated total rehabilitation costs up to and including closure. This fund could then be used to deal with all post-closure latent impacts that become apparent in the future.

### **3.7 New rules regarding historic mine (or ‘tailings’) dumps**

When the MPRDA was enacted, it made provision – in its clauses on “residue stockpiles” and “residue deposits” – for the mine (or “tailings”) dumps to be created in the future through mining operations carried out under its new regime. However, it failed to deal with historical mine dumps that had already been created before it was enacted.<sup>27</sup> Such mine dumps could be valuable, for they might contain gold or diamonds, for example, which could not easily be extracted at the time the entire ore body was removed from the ground but which might become easier to process as technologies improved. In time, thus, the question arose as to whether the state had “custodianship” under the MPRDA over the diamonds likely to be contained in a historic dump belonging to the De Beers mining company.

In 2007, in *De Beers Consolidated Mines v Attaqua Mining and others*, the Free State High Court ruled that historic mine dumps which had already been created before the MPRDA took effect were not regulated by the Act. Said the court: “The MPRDA targets mining rights in unsevered minerals in the ground, not in tailings which have been mined.”<sup>28</sup> These tailings dumps are movable assets that belong to the mining company which has created them “with money and labour and time”.<sup>29</sup> In addition, “a finding that the state is now the custodian of the minerals remaining in tailings dumps would amount to expropriation.”<sup>30</sup>

The Bill nevertheless now seeks to bring about uncompensated expropriations of this kind. It does so by amending the definition of “residue stockpile” to “include historic mines and dumps created before the implementation of this Act”. It also inserts a new Section 42A, which deals with “the management of historic residue stockpiles and residue deposits”. In addition, the Bill requires “the owner of any historic residue deposit and residue stockpile located outside [a]

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<sup>25</sup> ‘Mining’s big hangover’, *Mining Mirror*, July 2016; Clydeco.com, ‘New financial provision regulations under NEMA’, 9 February 2016, p1; *Saturday Star* 22 July 2017

<sup>26</sup> New section 49(6), MPRDA.

<sup>27</sup> *De Beers Consolidated Mines v Attaqua Mining and others*, [2007] ZAFSHC 74, para. 57; see also Leon et al, ‘Historic mine dumps’, in ‘Unpacking the provisions of the Mineral Resources Development Bill, 2025’, op cit.

<sup>28</sup> *De Beers v Attaqua Mining and others*, op cit, para. 68, viii.

<sup>29</sup> Ibid, para 68, i, ii.

<sup>30</sup> Ibid, para. 68, vi.

mining area... to apply... for a mining right” within two years of the Bill’s enactment.<sup>31</sup> If the owner fails to apply within this period, then (says the Bill), “the custodianship of the minerals in such historic residues and stockpiles shall revert back to the State”.<sup>32</sup>

However, the state has never had custodianship of the minerals in historic mine dumps, so custodianship cannot “revert” to it. Nor can the state validly claim custodianship over movable minerals which have already been severed and were obtained with “money and labour and time” before the MPRDA took effect. Comments the Democratic Alliance (DA): “The Bill expropriates movable historic mine dumps and forces those processing them to apply for mining rights to continue to operate, failing which those movable tailings dumps will be forfeited to the state. This is a grotesque piece of legislative chicanery that serves to legalise theft.”<sup>33</sup>

### **3.8      *Transferability of rights***

A revised version of the Bill seeks to amend section 11 of the MPRDA so that it reads: “A...mining right, or an interest in any such right, in an unlisted company,...may not be ceded, transferred, encumbered, let, sublet, assigned or alienated without the prior written consent of the minister”.<sup>34</sup>

This correction is an important improvement on the first version of the Bill, for it clearly retains the current rule exempting the transfer of a controlling interest in a listed company from any need for ministerial consent. However, the new wording is still broad and potentially confusing. Comments the Democratic Alliance (DA): “As it stands, it seems that the selling of even a minority interest in an unlisted company will require ministerial consent. The delay, administrative burden and, frankly, opportunity for corrupt rent-extraction will remain high.”<sup>35</sup>

### **3.9      *Associated minerals***

The Bill defines associated minerals as “any mineral which occurs in mineralogical association, with and in the same core deposit as the primary mineral being mined in terms of a mining right, where it is physically impossible to mine the primary mineral without also mining the associated mineral”.<sup>36</sup>

Mining rights to primary minerals should always have included the right to mine associated minerals forming part of the same core deposit. Lonmin, for one, assumed this was the case until 2010 when the Department of Mineral Resources (DMR), as it then was, instructed it to stop mining the nickel, copper and chrome it was extracting as byproducts of its platinum mining operations. The DMR also granted another company, Keysha Investments (which had links to the African National Congress or ANC), the right to prospect for associated minerals

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<sup>31</sup> New sub-section 42A(4), MPRDA.

<sup>32</sup> New sub-section 42A(9), MPRDA.

<sup>33</sup> Lorimer, J, ‘New mining bill still toxic despite Mantashe’s concessions’, Politicsweb.co.za, 16 June 2025: <https://www.politicsweb.co.za/politics/new-mining-bill-still-toxic-despite-mantashes-conc>

<sup>34</sup> Correction of Draft Mineral Resources Development Bill, 2025, Government Gazette 52842, 9 June 2025: <https://cer.org.za/wp-content/uploads/2025/05/mineral-resources-development-bill-2025-correction-publication-of-the-draft-mineral-resources-dev.pdf>.

<sup>35</sup> Lorimer, J, ‘New mining bill still toxic despite Mantashe’s concessions’, Politicsweb.co.za, 16 June 2025: <https://www.politicsweb.co.za/politics/new-mining-bill-still-toxic-despite-mantashes-conc>.

<sup>36</sup> New section 1, MPRDA.

inside Lonmin's long-established platinum mine. When the DMR refused to retract this grant, Lonmin had little choice, if it wanted to avoid costly litigation, but to buy Keysha's prospecting right for \$4 million.<sup>37</sup>

Against this background, the Bill gives companies with mining rights the opportunity to "mine and dispose of associated minerals... which must of necessity be prospected or mined with the licenced mineral". However, the company must first "declare such associated minerals or any other minerals discovered in the prospecting or mining process".<sup>38</sup> It then has 60 days from the date of this declaration to apply for an amendment of the right...to include the mineral so declared.<sup>39</sup> However, if the company does not apply for inclusion, "those associated minerals are relinquished to the State."<sup>40</sup>

The word "relinquished" suggests a voluntary surrender or waiver. In fact, associated minerals will then be "forfeited" to the state (the term that HerbertSmithFreehills more accurately uses).<sup>41</sup> In practice, forfeiture might be a common result – especially if the right to apply for inclusion depends (as the clumsy wording of the Bill might suggest) on the associated minerals having been "discovered" in the course of mining.

To resolve the issue of associated minerals in the best way possible, the Bill should clearly provide for the automatic inclusion of all associated minerals in existing mining rights for primary minerals. Instead, the Bill's wording reflects yet another attempt by the ANC to curtail existing mining rights and expand the powers of the state. Companies linked to ANC cadres could also gain undeserved benefits if the minister were to grant them mining rights to the associated minerals already being extracted from established mines.

### **3.10 Small-scale, artisanal and illegal mining**

Under the Bill, "small-scale" mining permits may be obtained for minerals which can be mined optimally within mining areas of less than 5 hectares (ha) and within a period of five years (now to be made renewable for another five).<sup>42</sup> The Bill also introduces "artisanal mining permits" for minerals which can be mined optimally within a period of two years and in a mining area "not exceed[ing] 1.5 hectares in extent". These permits can be renewed for another two years.<sup>43</sup>

Applications for artisanal mining rights are governed by a new section 27A in the Bill. The applicant "must simultaneously submit an artisanal mining environmental authorisation, as prescribed", consult as necessary with land-owners and other "interested and affected parties", and show an "ability to comply with health and safety guidelines".<sup>44</sup>

According to the Bill, the minister "must" invite applications for small-scale and artisanal mining permits (or for mining or prospecting rights) "in respect of land or minerals relinquished or abandoned" or previously subject to a right under the MPRDA which has lapsed or has been

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<sup>37</sup> Ibid.

<sup>38</sup> New sub-section 102(1), (3), MPRDA.

<sup>39</sup> New sub-section 102(4), MPRDA.

<sup>40</sup> New sub-section 102(5), MPRDA.

<sup>41</sup> Ibid.

<sup>42</sup> See new sub-section 27, MPRDA.

<sup>43</sup> New subsection 27A(1), Bill; Leon, et al, 'Small-scale and artisanal mining' in 'Unpacking the provisions of the Mineral Resources Development Bill, 2025', op. cit.

<sup>44</sup> New sub-section 27A(2), (4), (5)(c), MPRDA.



“cancelled or relinquished”.<sup>45</sup> In addition, “the Minister may, by notice in the *Gazette*” and “after” consulting the Council for Geoscience (wording which allows him to disregard the Council’s views), “designate certain areas for black persons for small-scale and artisanal mining” and then invite applications for such permits within them.<sup>46</sup>

According to Mr Mantashe, a key purpose of the new artisanal mining permit is not only to “ensure compliance with environmental, safety and labour regulations” but also to “reduce the risk of illegal mining activities”.<sup>47</sup> However, neither of these goals is likely to be achieved.

Illegal mining is widespread – and is already estimated by the state to result in “nearly \$1bn in [lost] annual revenue”.<sup>48</sup> It is also largely under the control of often ruthless criminal syndicates that will not readily release their hold on illicit mining activities. In addition, illegal mining is likely to keep offering higher returns to its foot soldiers than a compliance-focused artisanal mining regime will do.

The Minerals Council says the Bill does not reflect its input on illegal mining (or on other issues). As *Business Day* reports, the Minerals Council wants “proper policy interventions [that] address all stages in the illegal mining value chain, from the physical underground miners to the often globally-connected criminal syndicates processing and smuggling minerals and metals out of the country”.<sup>49</sup>

The Bill also seek to strengthen the MPRDA’s limited provisions on “illegal prospecting and mining activities”. Under sections 5A, 5B and 5C, it prohibits any person from prospecting or mining without proper authorisation, which will in future include an “artisanal mining permit”.<sup>50</sup> In practice, the Bill’s prohibitions may prove easy to evade if criminal syndicates are able, by illegal and corrupt means, to obtain artisanal mining permits for their foot-soldiers.

### **3.11 Additional ministerial regulatory powers**

Under an amended section 107, the minister has additional powers to make regulations, among other things, on “the rehabilitation of disturbances of the surface of land” which are “connected to prospecting or mining operations”; on “the terms and conditions applicable to [the] beneficiation of mineral resources”; on “the procedure applicable in respect of an invitation for applications” for mining rights and other permits; on the manner and form of consultation required with...interested and affected persons”; and on “the promotion of transformative elements of Broad-Based Black Economic Empowerment ownership, inclusive procurement, supplier and enterprise development, human resources development, employment equity and mining community development”.<sup>51</sup>

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<sup>45</sup> New sub-section 9A(1)(a), MPRDA.

<sup>46</sup> New sub-sections 7A, 9A(1)(b), MPRDA.

<sup>47</sup> Ensor J, Overhaul of mining law gazetted for comment’, *Business Day*, 20 May 2025:

<https://www.businesslive.co.za/bd/national/2025-05-20-overhaul-of-mining-law-gazetted-for-comment>.

<sup>48</sup> Ibid.

<sup>49</sup> Webster, J, ‘Minerals Council calls for proper strategy to stop illegal mining’, *Business Day*, 1 July 2025:

<https://www.businesslive.co.za/bd/national/2025-07-01-minerals-council-calls-for-proper-strategy-to-stop-illegal-mining/>.

<sup>50</sup> New section 5A(c), MPRDA.

<sup>51</sup> New sub-sections 107(1)(aA), (jA), (jB), (jC), (jD), MPRDA.

The Bill expressly provides that the minister, when making regulations on beneficiation, must “consult with affected stakeholders”. Absurdly, however, the obligation to consult does not apply when he makes regulations regarding BEE requirements.<sup>52</sup>

### **3.12 Additional penalties**

Under the current MPRDA, the penalties for a limited number of offences are relatively minor. Under sub-section 99(1)(a), the maximum penalties for offences listed in sub-section 98(a)(i), as identified below, are a fine of R100,000 or imprisonment for up to two years, or both. Under the Bill, by contrast, the maximum fine rises from R100,000 to “10 percent of the person's or right holder's annual turnover in the Republic and its exports from the Republic during the person's or right holder's preceding financial year”. The maximum prison term is increased from two years to ten years.<sup>53</sup> In addition, the list of sub-section 98(a)(i) offences to which these penalties apply is greatly extended.

Under the current MPRDA, the only offences listed under sub-section 98(a)(i) are sub-section 5(4), which was deleted in 2008, and section 28, which requires the submission of “Information and data in respect of mining or processing of minerals”.<sup>54</sup> Under the Bill, by contrast, a revised sub-section 98(a)(i) lists 16 sections under which draconian fines could be imposed or mining directors could be sent to jail for up to ten years. The most important of the offences to which the new penalties apply include:<sup>55</sup>

- failing to “implement social and labour plans in areas in which [mining companies] are operating, including labour sending areas” (under a revised section 2);
- failing to comply with “the provisions of the Act” and the terms and conditions of the mining right (under a revised section 25(1)(d));
- failing to comply with “the requirements of section 100(3)(b)”, which gives the minister the power, in granting mining rights, to “impose” the conditions of the living conditions standard, code of good conduct, and “prescribed” BEE elements (under a revised section 25(1)(fA));
- failing, as “a producer of minerals”, to “make available minerals or mineral products for local beneficiation” (under a revised section 26(2B)); and
- failing, “despite the issuing of a closure certificate”, to take responsibility for “any latent or residual environmental liability, pollution, ecological degradation, [and] the pumping and treatment of extraneous water which may become known in the future” (under a revised section 43(1A)).

The new penalties stipulated in sub-section 99(1)(a) for failures to comply with this long list of clauses are unduly heavy. Fines of up to 10% of annual turnover in South Africa, plus the value of mineral exports in the preceding financial year, could place a heavy burden on mining companies – especially those confronting rising input costs and falling mineral prices. The risk of imprisonment for company directors for up to ten years could also have a chilling effect.

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<sup>52</sup> Leon, et al, ‘Additional Regulations’, in ‘Unpacking the provisions of the Mineral Resources Development Bill, 2025’, op. cit.

<sup>53</sup> New sub-section 99(1)(a), MPRDA.

<sup>54</sup> Existing sub-section 98(a)(i), read with existing sub-section 99(1)(a), MPRDA.

<sup>55</sup> New sub-section 98(1)(a) and the sections of the MPRDA it lists, read with new (99)(1)(a), MPRDA.

Overall, the penalties laid down could well, as HerbertSmithFreehills notes, “be disproportionate to offences committed”.<sup>56</sup>

### **3.13 Greater risks of rights being cancelled or suspended**

Once the Bill has greatly extended the list of sub-section 98(a)(i) offences to which these draconian penalties apply, the risk that mining rights might also be suspended or cancelled could increase.

Under section 47 of the MPRDA, “the minister may cancel or suspend” any mining right if, among other things, its “owner or holder... (a) is conducting any... mining operation in contravention of this Act; [or] (b) breaches any material term or condition of such right”.<sup>57</sup> The Bill leaves this wording unchanged. However, by creating many more offences, it may make it easier for the minister to contend that a mining company which has failed to “implement” its social and labour plans in both mining and labour sending areas, for example, is “conducting [its] mining operations in contravention of the Act” or is “in breach of” a “material condition” of its mining right.

Certain safeguards do, however, apply. The minister must give reasons for any proposed cancellation and invite representations within “a period of 30 days” (previously a “reasonable” one). If he directs the holder to take specified remedial action and this is not done, he must allow, it seems, a further “period of 30 days” for additional representations. He must consider all representations received, but need not respond to them or give reasons for rejecting them.<sup>58</sup>

## **4 Ramifications of the Bill**

South Africa urgently needs mining legislation that is clear, certain and capable of encouraging investment, growth and employment in a vital but struggling sector. The Bill fails to meet these core requirements.

### **4.1 A declining industry with little investment in exploration**

Since the MPRDA came into effect in 2004, the mining sector in South Africa – which used to be one of the most important mining jurisdictions in the world – has contracted and declined. In 2024, its contribution to gross domestic product (GDP) stood at 7.3%, down from 21% in 1980. However, it still employed close on 475,000 people, generated R190bn in employee earnings, and contributed some R44bn in corporate taxes to the fiscus, along with R21.5bn in VAT, and R16bn in royalties. Employees across the sector also paid R36bn in personal income tax.<sup>59</sup>

Exploration spending is essential to the industry’s survival and future growth, but has slowed dramatically. South Africa used to attract 5% of global exploration spending, which it last achieved in 2003, but it now brings in less than 1%. In 2024, writes investment banker Paul Miller, “real capital formation in mineral exploration... was R779.5m – the lowest in the dataset going back to 1993”. This was a small portion of “the R6–R8bn *per year*” that is needed. It was

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<sup>56</sup> Leon et al, Penalties’, in ‘Unpacking the provisions of the Mineral Resources Development Bill, 2025’, op. cit.

<sup>57</sup> Sub-section 47(1), MPRDA.

<sup>58</sup> New sub-sections 47(1) – (4), MPRDA.

<sup>59</sup> Harvey, R and Perkins, D, ‘Big Read: How mining can save the day again while the economy stutters’, *Business Day*, Life, 27 May 2025: <https://www.businesslive.co.za/bd/life/2025-05-27-big-read-how-mining-can-save-the-day-again-while-the-economy-stutters/>.

also “less than half” the R1.6bn figure in 2018, when Mr Mantashe was appointed mining minister and in time began promising to restore South Africa’s share of global spending to the 5% level. Each year, however, that target (first set by him in 2019) keeps retreating further.<sup>60</sup>

Decline has also long been visible in South Africa’s falling rankings on the authoritative *Annual Survey of Mining Companies* compiled by the Fraser Institute, a civil society organisation in Canada. In 2024 South Africa ranking declined again, making it the 68<sup>th</sup> most investable mining jurisdiction out of the 82 surveyed. It scored particularly badly (in 70<sup>th</sup> place out of 82) on investor perceptions of the attractiveness of its mining policies. As Mr Lorimer reports, “South Africa decreased its policy score by almost 20 points and dropped to the 70<sup>th</sup> spot out of 82 jurisdictions after ranking 66<sup>th</sup> out of 86 in 2023”.<sup>61</sup>

#### **4.2 Particularly damaging BEE provisions**

As earlier noted, section 100 of the current MPRDA authorised the minister to develop “a” single socio-economic empowerment charter for the mining industry, which he was obliged to do within six months of the statute’s coming into effect. The only valid mining charter under the MPRDA is thus the original charter, which was finalised in 2003 and came into effect on 1<sup>st</sup> May 2004, on the same date as the MPRDA itself.

Successive ministers have nevertheless introduced new mining charters in 2010, in 2017 and again in 2018 (though key parts of this last charter were struck down in 2021 by the Pretoria high court). These mining ministers have also sought to amend or repeal the “continuing consequences” principle, despite a binding 2018 North Gauteng High Court judgment upholding its validity. Each new charter introduced has been *ultra vires* the MPRDA. Each has also contained ever stricter empowerment targets, likely to be inordinately difficult to fulfil. Each new charter has thus undermined the certainty of mining rights and made it more difficult for the mining industry to attract the investment it needs to sustain and expand its operations.

In the words of Mr Lorimer: “It is the fifth time since the MPRDA came into effect that the government has introduced or tried to introduce a tightening of the BEE requirements for...mining rights. As each tightening threatens profitability, it doesn’t just add to uncertainty, it creates the certain expectation that laws will continue to change and that the trend will be for investments to become less profitable and therefore less desirable.”<sup>62</sup>

In devising its BEE rules, whether in successive mining charters or elsewhere, the ANC has relied heavily on a supposed “norm” of demographic representivity (which has also been used by Left-leaning organisations to legitimise racial targets in the United States and other Western democracies). In 1998, SACP member<sup>63</sup> Firoz Cachalia, then an ANC office-bearer in Gauteng

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<sup>60</sup> Miller, P, ‘Govt’s minerals exploration target is a policy fever dream’, Miningmx.com, 1 August 2025: <https://www.miningmx.com/opinion/61948-govts-minerals-exploration-target-is-a-policy-fever-dream/>.

<sup>61</sup> Lorimer, J, ‘SA mining sinks in investment attractiveness’, Politicsweb.co.za, 31 July 2025: <https://www.politicsweb.co.za/documents/sa-mining-sinks-in-investment-attractiveness--jame>.

<sup>62</sup> Lorimer, J, ‘New mining bill still toxic despite Mantashe’s concessions’, Statement issued by James Lorimer MP, DA spokesperson for mineral and energy resources, 13 June 2025: <https://www.politicsweb.co.za/politics/new-mining-bill-still-toxic-despite-mantashes-conc>.

<sup>63</sup> Wikipedia, ‘Firoz Cachalia’, [https://en.wikipedia.org/wiki/Firoz\\_Cachalia](https://en.wikipedia.org/wiki/Firoz_Cachalia) (accessed 9 August 2025).

(and recently appointed the acting minister of police), summed up this supposed “norm” in saying: “Since ability is randomly distributed among the entire population, black and white South Africans should be represented in the workforce according to their share of the overall population. If whites instead consistently outnumber blacks in management, skilled jobs, and the professions, then for those who reject the idea of superior and inferior races, the only explanation is that white dominance is the result of racial discrimination.”<sup>64</sup>

Mr Cachalia’s argument might seem superficially convincing, but in fact it overlooks many variables highly relevant to eligibility for BEE ownership deals, management posts, preferential procurement contracts, and the like. These variables are particularly significant in South Africa, where some 50% of black people are too young (under the age of 35) for such onerous responsibilities; 46% are unemployed (on an expanded definition that includes discouraged workers not actively seeking jobs)<sup>65</sup> and have little business experience; and only 5% have the university degrees often necessary or advisable for management posts.<sup>66</sup>

Against the background of this skills deficit, the higher targets contained in successive mining charters have become increasingly unrealistic and damaging. Mining companies have nevertheless been threatened with the loss of their mining rights if they fail to fulfil them. Both the MPRDA and successive mining charters have thus weakened the property rights of mining companies. They have also sought to deprive these companies of many of the essential perquisites of management, including the capacity to choose business partners, appoint senior staff and select suppliers of goods and services on merit – and without reference to race.<sup>67</sup>

The Bill’s proposed BEE changes have important economic ramifications too. If Mr Mantashe uses his (supposed) law-making powers to increase the BEE ownership target in the mining industry and remove the “continuing consequences” principle, many mining companies could be pushed into bankruptcy by having to do successive and costly deals at below market prices. Moreover, if the ownership target is moved up to 51% (as the ANC has previously suggested), they will also be expected to surrender majority control.

At the same time, BEE requirements, whether in mining or elsewhere, have clearly failed to help the great majority of poor black South Africans to get ahead. Instead, they have enriched only a relatively small black elite: mostly individuals with links to the ruling party. Some ANC cadres have benefited so often and so much as to become billionaires. At the same time, BEE requirements have harmed the poor majority by eroding accountability, fostering corruption, wasting scarce resources, eroding the rule of law, inhibiting fixed investment, curtailing growth, undermining productivity, and making the unemployment crisis even worse.

By helping the few and harming the many, BEE has significantly worsened inequality – which is now often greater *within* the black population than it is between whites and blacks. This largely explains why the country’s Gini co-efficient has risen from 59 in 1994 to 63 in 2022.<sup>68</sup> In 2017 the

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<sup>64</sup> *Business Day*, 5 May 1998.

<sup>65</sup> Statistics South Africa (Stats SA), *Quarterly Labour Force Survey, Quarter 4, 2024, Statistical Release P0211*, 25 February 2025, p. 40: <https://www.statssa.gov.za/publications/P0211/P02114thQuarter2024.pdf>.

<sup>66</sup> IRR, *South Africa Survey 2023*, Johannesburg, pp. 9, 267, 396.

<sup>67</sup> Jeffery, A, *BEE: Helping or Hurting?* Tafelberg, Cape Town, 2014, p. 382.

<sup>68</sup> Editorial, *The African Communist*, 1<sup>st</sup> Q 2017, Issue 116, February 2017; Steward, Tightening the screws, 17 December 2018; <https://www.businesslive.co.za/bd/opinion/editorials/2022-03-15-editorial-give-serious-thought->

SACP noted that the “intra-African inequality” which BEE had fostered was “the main contributor to South Africa’s extraordinarily high Gini coefficient” of income inequality. Added the party: “Enriching a select BEE few via share deals...or (worse still) looting public property...in the name of broad-based black empowerment is resulting in....increasing poverty for the majority, increasing racial inequality, and persisting mass unemployment.”<sup>69</sup>

In 2019 Professor William Gumede of Wits University affirmed the need for a different approach to empowerment, saying “the current BEE model, which enriches a few politically connected political capitalists, should immediately be abolished”. He recommended that “rich blacks should be treated the same way as rich whites: as advantaged”. BEE interventions should thus be based on socio-economic disadvantage, “rather than colour”, as “blacks would automatically be the largest beneficiaries” in any event.<sup>70</sup>

### **4.3 A necessary shift to Economic Empowerment of the Disadvantaged (EED)**

The IRR has for many years been developing such an alternative to BEE, which it calls Economic Empowerment for the Disadvantaged or EED. An EED strategy would have three core features: a non-racial focus in keeping with the Constitution; a scorecard that recognises and rewards important business contributions to growth, employment, and upward mobility; and a tax-funded voucher element that empowers the poor and helps them meet their core needs for sound education, housing, and healthcare.

*A non-racial focus in keeping with the Constitution:* EED – like the social grants system it is intended to complement – would rely on a means test to determine disadvantage and stop using race as a proxy for this. EED would thus extend to poor whites, but this group is so small – only 1% of those living in poverty<sup>71</sup> – that the benefits of EED would still go overwhelmingly to black South Africans.

*A scorecard that recognises vital business contributions:* The various mining charters – like the generic and sector scorecards developed under the BEE Act – overlook the vital contributions that business makes to gross fixed capital investment, production, employment, salaries, tax revenues, export earnings, and innovation. Yet these are by far the most important inputs the private sector can make to economic growth, rising prosperity, and the upward mobility of all South Africans. These important contributions need to be recognised and incentivised, not disregarded. Under a revised generic EED scorecard for businesses in all sectors, enterprises would thus earn voluntary EED points for all contributions of this kind.

*A voucher element that reaches down to the grassroots:* EED would reach down to the grassroots by equipping the poor with the sound schooling, housing, and healthcare they need to help them get ahead. Some R740bn has been budgeted for schooling, healthcare, and

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[to-the-world-banks-recommendations-on-inequality-and-policy-failures/](#); see also Jeffery, A, *Countdown to Socialism: The National Democratic Revolution in South Africa since 1994*, Jonathan Ball Publishers, Johannesburg and Cape Town, 2023, p. 121; <https://wisevoter.com/country-rankings/gini-coefficient-by-country/>.

<sup>69</sup> Editorial, *The African Communist*, 1<sup>st</sup> Quarter 2017, Issue 116, February 2017.

<sup>70</sup> William Gumede, ‘The DA’s campaign battle plan was simply wrong’, *News24.com*, 19 May 2019

<sup>71</sup> Human Rights Commission of South Africa, [https://www.sahrc.org.za/home/21/files/SAHRC%20Equality%20Report%202017\\_18.pdf](https://www.sahrc.org.za/home/21/files/SAHRC%20Equality%20Report%202017_18.pdf)

housing/community development in the current financial year.<sup>72</sup> However, the state's centralised and top-down delivery system is so mismanaged and inefficient that outcomes are generally extraordinarily poor.

EED recognises that current budgets – which are already bigger than in many emerging markets – cannot be increased. The key need is rather to get far more bang for every buck. This can be done by redirecting much of the revenue now being badly spent by bureaucrats into tax-funded vouchers for schooling, housing, and healthcare for the poor. Low-income households empowered in this way would have real choices available to them.

In the schooling sphere, dysfunctional public schools would have to up their game, while many more independent schools would be established too. In the housing arena, people could stop waiting endlessly on the state to provide and start building or upgrading their own homes. In the health sphere, people could join low-cost medical schemes or take out primary health insurance policies, giving them access to sound private care.<sup>73</sup> In each of these areas, competition would promote efficiency and encourage innovation, which would help to keep costs down and push quality up.

#### **4.4     *An EED charter tailored to the mining sector***

The general EED scorecard earlier outlined could easily be adapted for the mining sector. Mining companies would then earn voluntary EED points for their contributions in the economic, labour, environmental, and community spheres.

In the *economic* sphere, mining companies would earn voluntary EED points for making fixed capital investments; maintaining and expanding production; increasing upstream procurement; adding value to minerals where this is feasible by milling, smelting, or otherwise processing them; and contributing to tax revenues, export earnings, R&D spending and innovation.

On the *labour* pillar, mining companies would earn voluntary EED points for maintaining and expanding employment; paying salaries and contributing to PAYE; taking steps to improve the health and safety of mineworkers; promoting skills development; helping to find innovative and cost-effective housing solutions; and assisting employees where necessary with financial counselling and debt management.

In the *environmental* sphere, mining companies would earn voluntary EED points for contributing to environmental rehabilitation funds; guarding against water and dust pollution; reducing electricity and water consumption; minimising waste (including waste rock); rehabilitating areas disturbed by mining as much as possible; and helping to develop innovative ways of managing environmental impacts.

As regards *community development*, mining companies would earn voluntary EED points for helping to upskill teachers in local schools; finding effective ways to improve the quality of schooling through e-learning and the effective use of artificial intelligence (AI); and helping to meet community water needs through, for example, the treatment of mine waste water. Further

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<sup>72</sup> National Treasury, 'Budget Highlights', 2025 *Budget Review*, 12 March 2025, pp. ii, iii: <https://www.parliament.gov.za/storage/app/media/Docs/budgt/01dx3n75h5hogcy6zuarhlcrksdzkwc7r5.pdf>.

<sup>73</sup> Jeffery, A, 'Critical Race Theory & Race-Based Policy', @Liberty, IRR, Issue 42, May 2021, pp5-8.



voluntary EED points could also be earned by seconding staff or retired personnel to work with municipalities in mine communities to help solve operational problems, manage wastewater plants, and sustain or expand local clinics.

With the mining industry still largely in the doldrums and the Bill's fundamental flaws readily apparent, it is time to shift away from the fake transformation evident in the Bill. Instead, it is vital to embrace true transformation – the kind that genuinely helps the poor majority to get ahead – by embracing an EED charter for mining instead.

## **5 The unconstitutionality of the Bill**

The Bill is currently unconstitutional on both procedural and substantive grounds. On procedural grounds, public participation has clearly been inadequate – if only because no final SEIA report was attached to the Bill when it was gazetted for public comment to help people “know about the issues” and then “have an adequate say”.

In addition, little attempt has been made to engage with key industry stakeholders on the best ways of crafting new mining legislation. Instead, the views of the Minerals Council have largely been overlooked in the drafting of the Bill. According to Minerals Council CEO Mzila Mthenjane, the Council has made various suggestions, but these are not reflected in the final bill as published for comment. Sibanye-Stillwater spokesperson James Wellsted agrees, saying: “We don't believe this new bill has been appropriately considered or reflects our inputs.”<sup>74</sup>

The content or substance of the Bill is often unconstitutional too. Much of the wording used is uncertain and open to interpretation in different ways by different officials. This conflicts with the doctrine against vagueness of laws. It also undermines the rule of law, the “supremacy” of which is a founding value of the Constitution.

Vagueness is particularly evident in the Bill's amendments to Section 26 of the MPRDA. This section includes a new subsection 26(2(B)), which states: “Every producer of minerals must make available minerals or mineral products for local beneficiation.” This wording contains no guiding parameters at all. Instead, the wording leaves it entirely to the minister to fill in all the necessary detail by regulation. It then also fails to provide any guidance for his regulations either. Instead, the Bill merely empowers the minister to “determine terms and conditions applicable to beneficiation of mineral resources, as contemplated in section 26”.<sup>75</sup> These clauses gives the minister an untrammelled discretion to devise beneficiation rules as he sees fit. Yet the Constitutional Court has roundly criticised untrammelled discretion of this kind and stressed that appropriate guardrails must always be put in place.

Section 100 of the MPRDA, as revised by the Bill, is also intrinsically uncertain. In sub-section 100(4), moreover, the Bill seeks to give the minister the power to “amend” the 2004 charter by introducing into it “the broad-based socio-economic empowerment prescribed elements of BEE ownership, inclusive procurement, supplier and enterprise development, human resources development, employment equity and mining community development”. Yet the minister, as earlier noted, has no law-making authority to do this. The introduction of BEE elements targeted solely at black South Africans is also at odds with the reference, in sub-section 100(2), to the

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<sup>74</sup> Faku, Miners unite, op cit.

<sup>75</sup> New section 107(1)(jA), MPRDA.



(single) “framework” needed to empower “HDSAs” in mining. This wording creates further legal uncertainty, breaches the doctrine against vagueness of laws and undermines the rule of law.

The Bill’s BEE provisions are also inconsistent with other clauses in the Constitution.

Preferential access to ownership deals, management posts and procurement contracts – of the kind contained in the 2018 mining charter or set out in the BEE generic codes – cannot be fulfilled without the continued use of apartheid-era race classifications and the preferencing of some South Africans over others, based on the colour of their skins. Yet this is *prima facie* inconsistent with the Constitution’s founding value of “non-racialism”. It also contradicts its express prohibition of unfair racial discrimination by both the state and private persons.<sup>76</sup>

Many commentators have long assumed that BEE is implicitly authorised by Section 9(2) of the Constitution, which allows the taking of “legislative...measures designed to...advance [those] disadvantaged by unfair discrimination” and “promote the achievement of equality”. However, as the Constitutional Court ruled in the *Van Heerden* case in 2004, race-based remedial measures are valid only if they satisfy three tests: they must (1) target the disadvantaged, (2) help advance them, and (3) promote equality.<sup>77</sup>

The Constitutional Court has never properly applied these tests in adjudicating on BEE. Were it to do so, however, BEE rules would fail on all three grounds. First, BEE does not target the disadvantaged, as it helps only a relative elite (the most advantaged 15% within the black population) and not the great majority of poor black people. Second, BEE has failed to “advance” the black majority, which has instead been greatly harmed by it, as earlier outlined. Third, BEE has failed to “achieve equality”, for it enriches the few even as it keeps the great majority of black South Africans unskilled, unemployed, and mired in destitution.<sup>78</sup> As earlier noted, this explains why the Gini coefficient of income inequality is higher now (at 63 in 2022) than it was at the end of the apartheid era, when it stood at 57.<sup>79</sup>

Other clauses in the Bill – particularly those dealing with historic mine dumps and associated minerals – are also unconstitutional. This time the inconsistency is with Section 25 of the Constitution, the property rights clause. As regards historic mine rights, for example, the severed minerals extracted before the MPRDA took effect and now present in historic mine dumps do not constitute mineral “resources”, within the meaning of the MPRDA. Hence, the state has no custodianship over them. Nor can it acquire it under the MPRDA, which gives the state custodianship solely over “mineral resources” (not severed minerals) that are “the common heritage of all the people of South Africa”.<sup>80</sup> Hence, there can be no question of the custodianship of these already severed minerals “reverting” to the custodianship of the state, as the Bill provides. Any such taking would amount to an expropriation for which compensation must be paid, yet the Bill makes no provision for this.

## 6 The way forward

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<sup>76</sup> Sections 1(c), 9(1), (3)-(5), Constitution.

<sup>77</sup> *Minister of Finance and another v Van Heerden*, 2004 (6) SA 121 (CC).

<sup>78</sup> Steward, D, ‘Tightening the Screws: The true significance of the Employment Equity Amendment Bill’, Politicsweb.co.za, 14 December 2018, pp. 2 – 3: <https://www.politicsweb.co.za/opinion/tightening-the-screws>.

<sup>79</sup> Jeffery, A, *Countdown to Socialism: The National Democratic Revolution in South Africa since 1994*, Jonathan Ball Publishers, Cape Town, 2023, p. 121; <https://wisevoter.com/country-rankings/gini-coefficient-by-country/>

<sup>80</sup> Section 3(1), MPRDA.

The Minerals Council has rejected much of the Bill and seems intent on testing the validity of many of its provisions in the courts. Various commentators have also warned strongly against the Bill. As Mr Lorimer has written, the Bill, if adopted in its current form, “will effectively end the already tottering case for foreign investment in South African mining”. Peter Major, a veteran mining analyst and director of mining at Modern Corporate Solutions, agrees, saying the Bill “doesn't have one redeeming feature to attract any investment, local or foreign”.

Journalist Michael Avery has summed up the negative consequences of the Bill in particularly apt and pithy words: “Since the first version of the MPRDA in 2004, South Africa’s mining sector has been eviscerated. Mining’s share of GDP has collapsed from 21% in 1980 to just 7.3% today. Exploration spend has dried up to a trickle. We attract less than 1% of global exploration budgets, despite our immense mineral endowment. Thousands of jobs have vanished. Foreign investors have voted with their feet. We’ve slipped into the bottom 10 countries in the world for mining attractiveness, as ranked by the internationally respected Fraser Institute. And yet, astonishingly, the new bill seems to believe the problem is not too much ministerial interference but too little.”

As both the Minerals Council and many informed commentators agree, it is time to call a halt. The only solution is to withdraw the Bill and replace it with an entirely new measure that reflects global best practice in every sphere – and will help restore investor confidence in what could easily again become the best mining country on the African continent.

A new approach to empowerment is particularly important too – one that moves away from the fake transformation that has enriched the few while harming the many. Instead, new mining law must embrace true transformation of an EED kind that upholds non-racialism, genuinely empowers the truly disadvantaged through tax-funded vouchers to help them meet core needs, frees mining companies from the current BEE leg-iron – and incentivises them to invest, employ, innovate, compete and so help set the industry on the path to rapid and sustainable growth.